

April 15, 2009

To Our Stockholders:

We are required by the terms of our governing documents to report certain information to you on an annual basis. In particular we are required to report to you: (1) the ratio of the costs of raising capital during the year to the capital raised; (2) the aggregate amount of fees paid to our sponsor, Inland Real Estate Investment Corporation, and any of its affiliates including our business manager and property managers, which is described in our proxy statement for the annual meeting of stockholders to be held on June 2, 2009; (3) the “total operating expenses” stated as a percentage of “average invested assets” and “net income,” in each case as these terms are defined in our governing documents; (4) a report from our independent directors that the policies being followed by us are in your best interest, and the basis for this determination; and (5) full disclosure of all material terms, factors and circumstances surrounding any and all transactions involving us, our directors, our sponsor or any of its or their affiliates during 2008.

As of December 31, 2008, we had raised approximately \$7.6 billion in gross offering proceeds from the sale of common stock in our public offerings and approximately \$395 million by selling shares through our distribution reinvestment plan. For the year ended December 31, 2008, the ratio of the costs of raising capital to the capital raised was 10.6%. During the year ended December 31, 2008 we borrowed approximately \$1.6 billion. None of these borrowings were used to refinance existing debt during the year. We incurred costs of approximately \$11 million in connection with borrowing this money, which equates to 1.0% of the borrowed funds. During the year ended December 31, 2008, we paid fees to our sponsor and its affiliates, including our business manager and property managers, as described in the “Certain Relationships and Related Transactions” section of our proxy statement for the annual meeting of stockholders to be held on June 2, 2009. Our “total operating expenses” as a percentage of “average invested assets” and “net income” were 0.54% and 13.5%, respectively. Please note that these terms are defined in our charter in accordance with the Policy Guidelines promulgated by the state regulatory bodies. The material terms, factors and circumstances surrounding any and all transactions involving us, our directors, our sponsor or any of its or their affiliates during the last year are described in our proxy statement under the caption “Certain Relationships and Related Transactions.”

The report of our independent directors is attached as Appendix A to this letter. This letter and the attached report of our independent directors are provided to you as required by our governing documents and should not be considered additional soliciting material or filed under the Securities Exchange Act of 1934, as amended. We thank you for your support.

Respectfully submitted,



Brenda Gail Gujral  
President